

city savings & trust company



annual report 1968

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our cover

Our cover depicts the dynamic progress taking place in Western Canada, illustrated by our artist as being:

The Richardson Building—Winnipeg, Manitoba
The Canadian Imperial Bank of Commerce
Building—Regina, Saskatchewan
The CN Tower—Edmonton, Alberta
The Husky Tower—Calgary, Alberta
The 777 Hornby Building—Vancouver,
British Columbia

Acknowledgement is made to the owners of these buildings who, like City Trust, have confidence in the future growth of Western Canada.

city trust locations

EDMONTON

R. Logan, Manager
McLeod Branch

McLeod Building
EDMONTON 15, Alberta, 429-4811

J. Morrison, Manager
King Edward Branch

10184-101 Street
EDMONTON 15, Alberta, 429-5966

CALGARY

B. Matheson, Manager

336-7th Avenue S.W.
CALGARY, Alberta, 266-8851

WINNIPEG

R. Burwash, Manager

369 Portage Avenue
WINNIPEG, Manitoba, 947-1543

VANCOUVER

O. Froelich, Manager

777 Hornby Street
VANCOUVER, B.C., 688-9421

VICTORIA

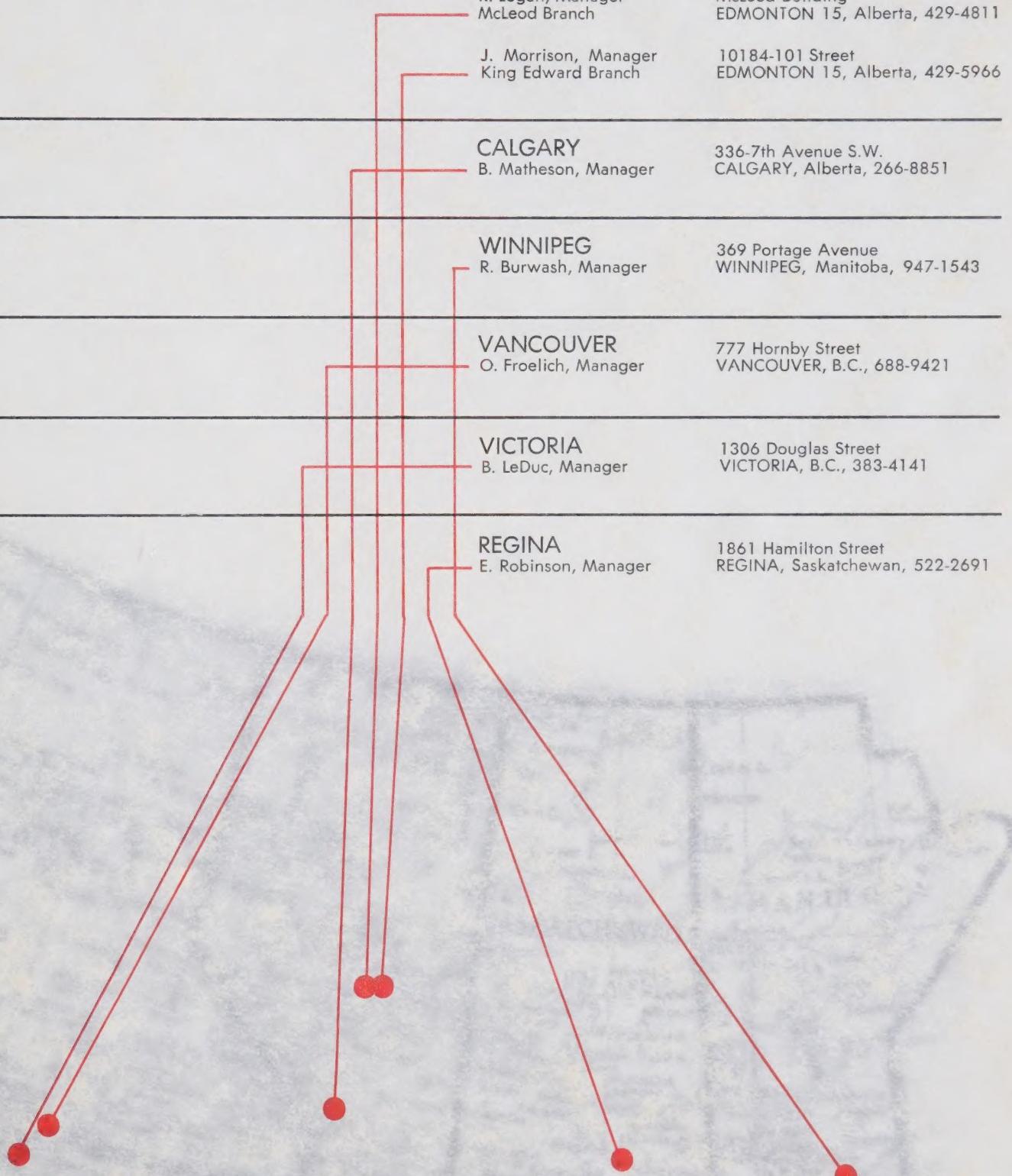
B. LeDuc, Manager

1306 Douglas Street
VICTORIA, B.C., 383-4141

REGINA

E. Robinson, Manager

1861 Hamilton Street
REGINA, Saskatchewan, 522-2691



city limit locations

EDMONTON	R. Foden, M. Madge Waggoner Branch	16
EDMONTON	L. Wong, Paul Wambeler Kudu Equipment Branch	15
CALGARY	B. McShee, M. Madge	19
WINNIPEG	R. Blomqvist, Wambeler	21
VANCOUVER	D. Fennell, J. Wambeler	22
REGINA	E. Robinson, Wambeler	23

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directors



The Hon. Senator David A. Croll, Q.C.
TORONTO, Ontario
Chairman of the Board



Samuel Belzberg, B. Comm.
VANCOUVER, British Columbia
President

The Hon. Senator Allister Grosart
TORONTO, Ontario

Joseph H. Shoctor, Q.C.
EDMONTON, Alberta

William Belzberg
CALGARY, Alberta

W. Bernard Herman, Q.C.
TORONTO, Ontario

Hyman Belzberg
CALGARY, Alberta

Morley Koffman
VANCOUVER, British Columbia

officers

The Hon. Senator David A. Croll, Q.C.

Chairman of the Board

Samuel Belzberg, B. Comm.

President and General Manager

William Belzberg

Vice-President

Joseph H. Shotor, Q.C.

Secretary

Thomas A. Cross, B. Comm., C. A.

Assistant General Manager

James Fliczuk, C. A.

Comptroller

Kenneth McKinstry

Mortgage Manager

Bruce W. Dawson

Property Operations Manager

Margaret Wensink

Investment Manager

David Walters

Sales and Advertising Manager

auditors

Deloitte, Plender, Haskins & Sells

Chartered Accountants

bankers

The Toronto-Dominion Bank

Royal Bank of Canada

Canadian Imperial Bank of Commerce

Bank of Montreal

chairman's report

our sixth year

As we begin a new year of City Trust business in our seven offices from Winnipeg to Victoria, I find myself thinking back to that important day, January 8th, 1963, when we opened our first office in Edmonton. It was the second year of the current upsurge in the Canadian economy (now in its eighth successive year) which has given Canada a position of unprecedented economic stature among the nations of the world.

In presenting this our sixth Annual Report, I am proud to report to our shareholders and depositors that in each of those six years City Trust has substantially outpaced the national economy (as well as the trust company business generally) in growth of business, income, earnings, reserves and profits.

As one who has been closely associated with the Company through these years, it is a pleasure to acknowledge that our remarkable record is a tribute to the demonstrated ability of our management and staff to develop ever-increasing public confidence in the Company. This has been so first in our original "home bases" of Edmonton and Calgary (1963) and also in the areas served by our branches in Winnipeg (1964), Regina and Victoria (1965) and our second branch in Edmonton (1967). It is already evident in the new branch we opened in Vancouver last December.

The proof of that statement is that every branch for which there are year-to-year comparisons shows a substantial increase in 1968 business over 1967 and previous years. Success, of course, breeds success. Nowhere in our corporate structure is this more apparent than in the success we have had in attracting to the Company the kind of people who could grow with it. The result is that we have today at all levels a competent, experienced staff with trust company "know how." They are people who are willing to give our customers that kind of capable and efficient service which more than anything else puts the "trust" in a trust company operation.

national economy continues to grow

I have referred to our participation in the current 8-year upsurge in the national economy because we who have responsibility for the affairs of the Company are fully aware that it may not last forever. It is for that reason that over the years we have paid out only a small part of our profits in dividends. In this way we have built up a position of corporate strength against possible changes in the economic climate.

Fortunately, the Canadian economy shows every sign of maintaining a continued high rate of growth in 1969. The projections of economists, government officials, and business leaders generally indicate that national growth in 1969 may not be quite as strong as in 1968 but nevertheless considerably more so than predictions earlier in the year. We are confident about the prospects for 1969 which may be sparked more by domestic economic forces than they were in 1968.

western canada prominent in international trade

As we do our business in Western Canada, it is significant that 1968 provided new and sometimes spectacular indications that there have been built into the Western Canadian economy some unique and powerful long-term growth factors. The tremendous recent development of intra-Pacific trade is certain to benefit the whole of the West more and more every year. Japan is now Canada's third largest customer, its trade more than doubling in a decade. Australia is our fifth world customer. On the rim of that 70 million square mile Pacific ocean there are new developing nations recently freed from European economic domination and turning towards North America, Japan and Australia. Trade between Japan and B.C. ports has been increasing at an annual rate of 20% for five years and the increases for Taiwan and South Korea are even greater. In 1968 Vancouver was Canada's busiest port, handling 20% of Canada's total exports. The new "Oil North" is currently the subject of a crash study by an Ottawa Task Force. The Minister of Trade and Commerce has said that "northern oil" may revolutionize distribution and marketing in North America—particularly if the route for Alaska oil to the east coast is developed down the Mackenzie to Edmonton. Alberta coal is, of course, big on the world map with recent valuable coking coal contracts with the Japanese.

Saskatchewan, no longer just the "wheat province" now has asbestos and oil and is currently in the midst of a uranium prospecting boom following a discovery at Woolaston Lake, 200 miles south of Uranium City. The Saskatchewan Development Corporation of the provincial government reports 178 new commercial enterprises under its aegis.

Manitoba continues its steady growth. The enterprising Manitoba Development Fund of the provincial government reports that loans to date of \$63 million account for half of all new capital investment in plant in the last decade.

city trust in western canada

It is against this background of exciting western development that our company is fortunate to have the unique advantage of seven well-staffed branches located in the key metropolitan areas of these provinces—each drawing its business from a huge hinterland bustling with new people, new enterprises, new resource discoveries—all of which demand increasing amounts of new capital. We at City Trust have, therefore, reason to be proud of our success to date, in assembling new capital from western savings for re-investment in the growth of Western Canada. It is no exaggeration to say that no Canadian trust company serves so large a trading area per branch as we do. It is on that important base that our management and marketing policy has built City Trust into the largest western trust company. It is that same sound basis that I believe will make possible our continued growth as we proceed cautiously but aggressively, consolidating our position in Western Canada and then expanding further as climate and circumstances permit.

city trust in 1968

increase in competition

In reviewing our year's operations, I am particularly impressed with our performance against new competition this year from the chartered banks. As is their right, the banks have taken full advantage of the increased powers they were given under the revised Bank Act to increase their interest rates above the former 6% ceiling, to enter the conventional mortgage field, and the easing of their cash reserve requirement ratio and the right to issue debentures. Their activities have in turn spurred the national old-established, as well as the newer, trust companies to even greater activity.

As our annual statement shows we have proved our ability to meet this kind of competition. It has been a real test of our corporate structure, of the ability of our management and of our customer loyalty. We have come through with flying colours. As a result we are today better equipped in money and manpower to meet the competitive tests of the future whatever they may be.

legislation

I should say, however, that like other trust companies, we continue to look to the federal and provincial governments for enabling legislation to match some of the new competitive advantages given to the chartered banks. This was the firm recommendation of the Royal Commission on Banking which was the basis of the Bank Act revisions. The Province of Alberta from which we have our charter has moved judiciously in this direction. Under new legislation a limited proportion of our capital funds may be used to grant personal consumer loans. It is not a highly profitable kind of business, nor one on which we would want to place any great emphasis. However, it is obviously a necessary additional service that we should be able to give our customers.

I would hope, too, that the present monopoly of Clearing House operations held by the chartered banks under federal legislation will soon be ended. It is a function which should be discharged by the Bank of Canada as a national service directly available to all financial institutions able to qualify.

There are good reasons why the existing ratio of capital to customer deposits should be increased—certainly for trust companies such as ours which qualify for Deposit Insurance for our customers under the Federal Crown Company which guarantees customer deposits in member corporations up to \$20,000. Incidentally, this progressive innovation in the field of consumer protection has more than proved its worth in the short time it has been in operation.

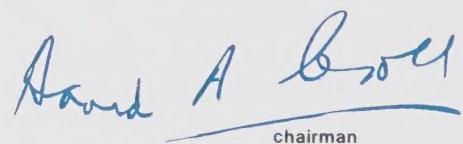
To sum up—I believe our shareholders have reason for satisfaction with the results of this our sixth year in business. It has been one of monetary crisis abroad resulting in the devaluation of the pound, the troubles of the French franc and the consequent

speculative attack on both the Canadian and U.S. dollars. It has been one of keen competition for savings everywhere and for heavy demands for capital—resulting in the highest interest rates in history.

more performance records set during 1968

Even so, as the President's Report and the Financial Statement indicate, we have increased our total deposits by 6.7 million dollars, an increase of 25%. Our assets under administration have increased by 11.7 million dollars; our net income by \$355,161 and our surplus and reserves funds by \$785,333. We have added a new branch in Vancouver, the financial capital of the West, and moved into larger and better located premises in Regina.

For this outstanding sixth year repeat record of successful operation I extend on behalf of my fellow directors our thanks and congratulations to the President and the Management Committee which he heads, to our departmental and branch managers and particularly to their staffs. Together these constitute a "City Trust team" which has once again earned from all concerned a sincere "Well done."



Howard A. Boyce
chairman

president's report

It is my pleasure to report that 1968 has been a very successful year in all aspects of the Company's operations. Our Financial Statement shows substantial increases in deposits, assets under administration, revenues, gross income, net profits and earnings per share. During the year the Company opened an office in Vancouver for the first time and moved the Regina office to a greatly improved location providing much needed additional space to service its expanding business. The new King Edward Hotel branch in Edmonton in its first full year of operation has exceeded budget expectations and at the same time our first Edmonton office in the McLeod Building has continued to expand.

We have reason for particular satisfaction with the Company's success this year and for optimism about the future as this has been an extremely competitive year for all deposit-taking institutions. It was the first full year the former interest ceiling of chartered banks was completely removed. It was also one of sudden changes and reversals in the domestic and international money and investment markets. This points out the importance of management maintaining a keen awareness of developments beyond our own immediate business areas and for our staff in the branches to understand and appreciate the reactions of our customers and their related interest to the impacts on their investments. I am happy to be able to say that our people have measured up to these demanding requirements.

continued growth

It was a good year for Canadian trust companies generally, with an estimated growth of 10%. In comparison, our own growth in deposits has been in the order of 25%, from an opening balance of \$26.6 million at the start of the year to \$33.3 million on December 31st. This was the year we broke through the \$30 million barrier which is regarded as the first milestone of progress from "small" to "medium" for trust companies in Canada. I have reason to believe that if the general economic climate lives up to present projections we may break the \$40 million deposit level in 1969.

interest rates rise

High interest rates continue and are under strong upward pressures. We are fully aware that this is a two-way street. The cost of deposits bears a relationship to the interest rates earned on our investments. Sound management demands that we assess this situation continuously from the liability as well as the assets side of our balance sheet.

I have no hesitation in again saying that the policy of our Management Committee continues to be cautious and conservative. Fortunately such a policy is fully consonant with our six-year record of solid growth and steadily increasing income.

Our depositors and shareholders are, I believe, entitled to know that our onward reading of industry interest trends has proved to be remarkably accurate again this year. We were the first trust company to raise term deposit interest rates to 7% at a time when others were working on contrary assumptions. Today the industry rate is as high as 8% on five-year term deposits—and interestingly enough, it is the long-established trust companies who are now leading the parade.

legislation

City Trust operates under a charter from the Province of Alberta and under the jurisdiction of its corporate security legislation. I feel it is appropriate for me to pay a special tribute to the Attorney-General and his officials, with whom we have close and I am sure cordial relations. Alberta has wisely tightened its legislation and regulations to the point where it is widely recognized and meets the highest standards of any jurisdiction in North America in respect to protection of the public interest. Recent Alberta legislation has improved the competitive position of Alberta trust companies among the country's banking institutions. For example, we are now permitted to invest in consumer loans. Additionally, convertible U.S. bonds, convertible preferred shares, mutual funds and units have been added to the list of securities in which we may invest. Alberta trust companies are now entitled to issue no par value shares at current market prices at the discretion of the Board.

of Directors. This will facilitate the raising of equity capital to maintain the statutory ratio between our capital and our deposit liability to our customers, as required.

A year ago I made a preliminary report on our decision to make use of computerization to accelerate and upgrade the accuracy of management decisions as well as to minimize mounting overhead costs of Head Office administration. We have now developed program systems which are specifically tailored to our needs and the result is already apparent in substantial savings and almost "instant" control of our varied intake and output operations. We have been among the leaders in this industry in this important area of management technology.

During the year we have considerably re-organized and expanded the Real Estate and Estate Planning operations throughout the Company.

The Real Estate Department has again shown increased profits and is proving to be one of the areas in which the experience and expertise of the Company's principals and senior officers have become widely recognized in Western Canada and elsewhere. It is a growing source of ancillary income and of new business for all our branches and departments.

One of our prime targets for the coming year will be the development in the Estates Department of the fiduciary aspect of our business now that we are a firmly established trust company. We will begin, of course, with our present depositors and shareholders. Present indications are that by the end of the year we will be well on the way to rounding out our operations in this important trust company field.

summary

For ready reference, I summarize the year's results as follows:

	1968	Increase Amount	During Year Percent
Customer Deposits:	\$33,355,561	\$ 6,742,825	25.3%
Assets Under Administration:	69,585,784	11,686,715	20.2%
Total Revenue:	3,372,513	926,295	37.8%
Income Before Taxes:	634,675	483,524	320.0%
Net Income:	506,312	355,161	235.0%
Earnings per share:	85.0c	53.3c	186.2%
Shareholders Equity:	2,548,663	785,333	44.5%

For the purposes of long-term comparison, the summary for 1963—1968 is listed at the bottom of the page.

I would like to express my appreciation and give special thanks to all members of the City Savings & Trust team who, above all else, are responsible for the year's successful operations. Few aspects of trust company operations are more vital than getting the right people at the right time in the right places. I am satisfied that we have the people who are equal to the challenges ahead and who will acquit themselves even better in the immediate future.

Finally, a word of appreciation for the loyalty and confidence shown by our depositors and shareholders. In general they, like our staff, have grown with the Company and while we look forward to many more joining us in the coming year and years ahead, the management and staff of City Trust will always have a special place in their affections for those who have supported us so well in these early years.

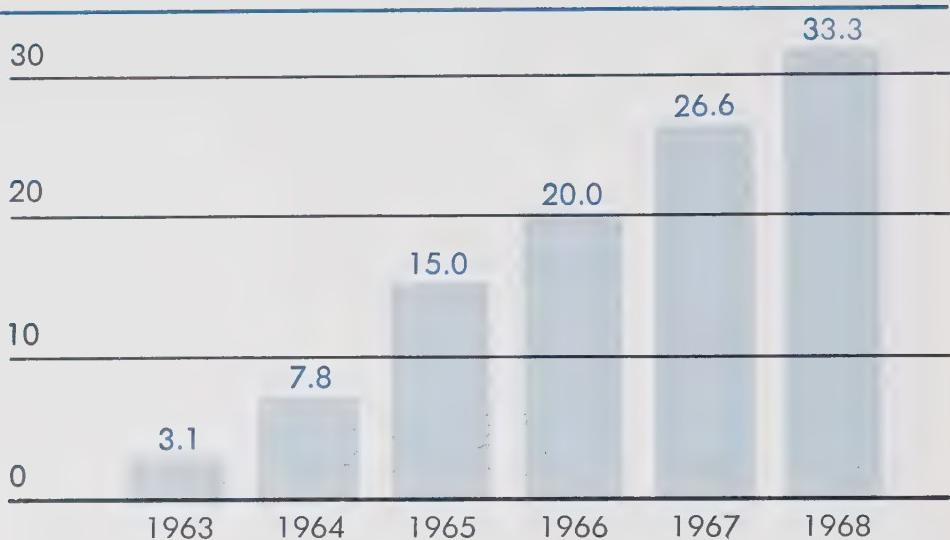
Samuel Belzberg
president

	1968	1967	1966	1965	1964	1963
Customer Deposits	\$33,355,561	\$26,630,736	\$19,942,750	\$14,909,069	\$ 7,779,464	\$ 3,112,863
Assets under Administration	69,585,784	57,899,069	51,708,073	44,995,596	35,777,330	25,002,855
Total Revenue	3,377,513	2,451,218	1,662,523	1,187,722	706,285	374,288
Total Expenses	2,646,149	2,151,662	1,509,863	1,080,784	602,052	313,078
Income Before Taxes	634,675	151,151	94,652	80,000	84,195	45,622
Net Income	506,312	151,151	94,652	84,841	77,516	35,085
Earnings Per Share	85.0c	29.7c	18.9c	18.1c	19.4c	8.8c
Shareholders Equity	2,548,663	1,763,330	1,655,086	1,448,676	1,118,835	1,035,085

graphical analysis 1968

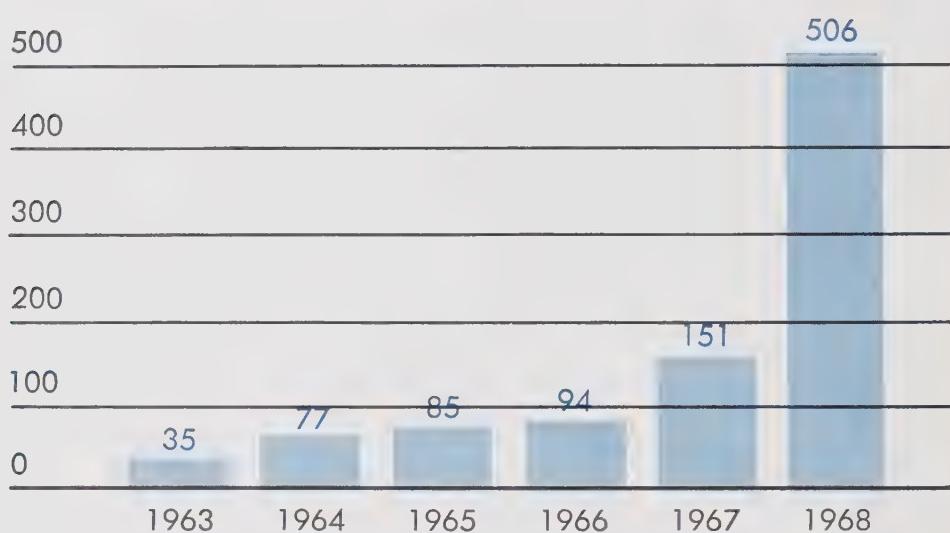
deposits

Millions of dollars



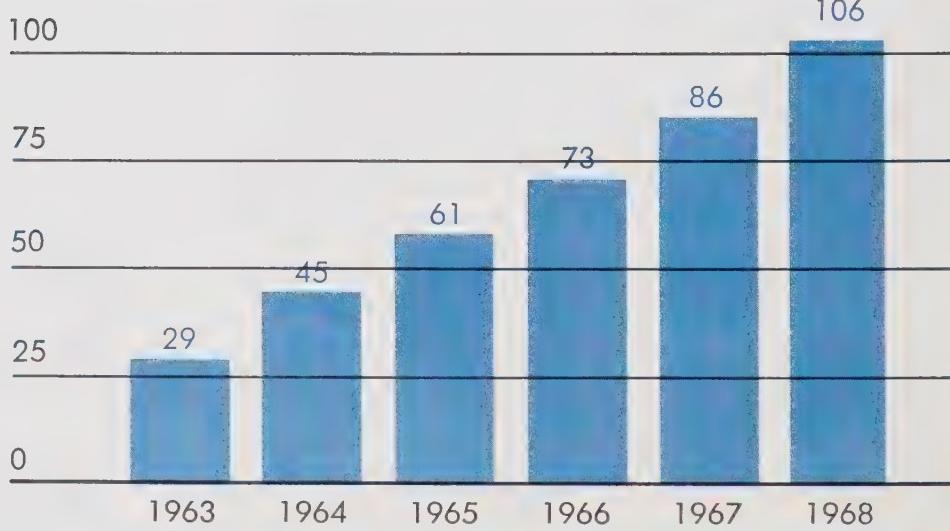
net earnings

Thousands of dollars



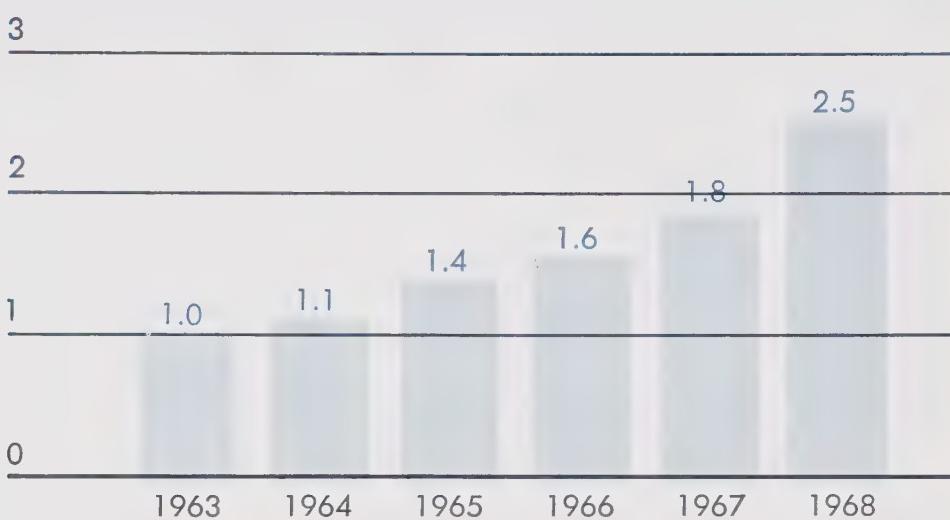
total assets under administration

Millions of dollars

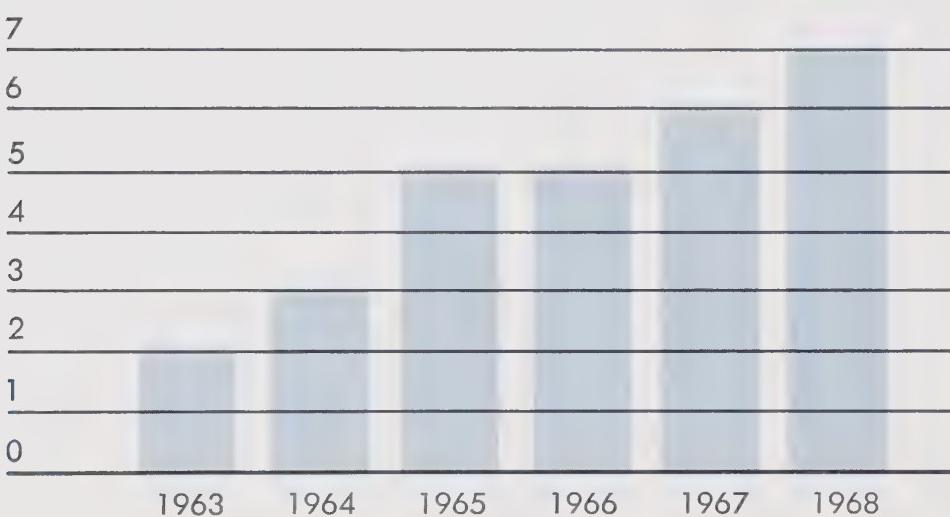


shareholders' equity

Millions of dollars

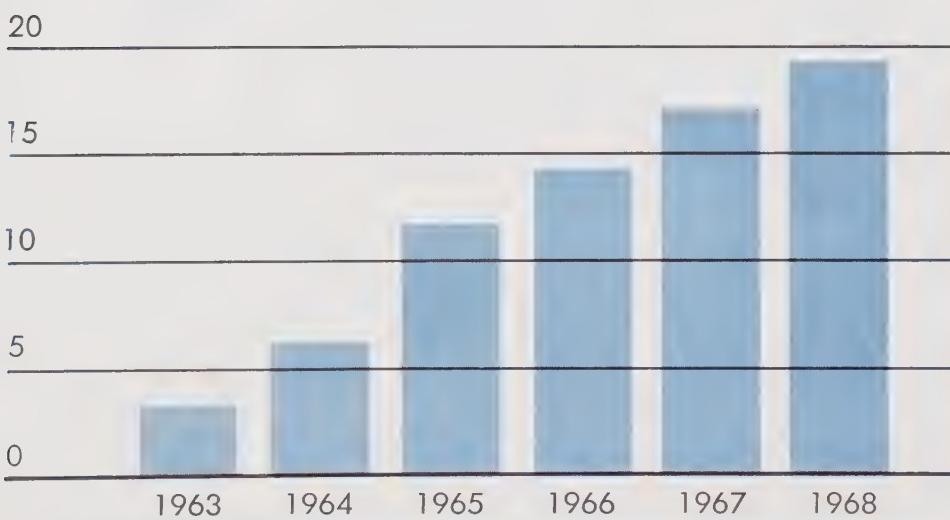


branches in operation



growth of accounts

Thousands



city savings & trust company auditors' report

DELOITTE, PLENDER, HASKINS & SELLS

Offices throughout Canada and associated firms throughout the world Chartered Accountants

602 BANK OF MONTREAL BUILDING EDMONTON, CANADA

To the Shareholders of
City Savings & Trust Company:

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1968 and the statements of income and of surplus and reserve and of source and use of funds for the year then ended and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances, we verified the cash and securities of the company.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and use of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as explained in Note 2 to the financial statements.

All transactions of the company that have come within our notice have been within the powers of the company.

Deloitte, Plender, Haskins & Sells.

February 13, 1969.

Auditors.

city savings & trust company
statement of income

FOR THE YEAR ENDED DECEMBER 31, 1968 (WITH 1967 FIGURES FOR COMPARISON)

	1968	1967
REVENUE:		
Income from investments	\$2,788,201	\$2,057,087
Fees, commissions and other income	584,892	357,583
Net income from rental operations (less depreciation—1968 \$5,247; 1967 \$27,185)	4,420	36,548
Total revenue	<u>3,377,513</u>	<u>2,451,218</u>
EXPENSE:		
Interest on guaranteed account	1,657,198	1,211,011
Salaries and employee benefits	394,383	316,298
Operating expenses	594,568	624,353
Total expense	<u>2,646,149</u>	<u>2,151,662</u>
Income before deducting the undernoted	731,364	299,556
Depreciation on office equipment and furnishings	35,278	24,281
Amortization of deferred expenses (Note 2)	61,411	124,124
Income before taxes	<u>634,675</u>	<u>151,151</u>
Provision for income taxes:		
Current	44,700	—
Deferred (Note 3)	83,663	—
	<u>128,363</u>	<u>—</u>
NET INCOME FOR THE YEAR	<u><u>\$506,312</u></u>	<u><u>\$151,151</u></u>

The accompanying notes are an integral part of the financial statements.

city savings & trust company
 (INCORPORATED BY SPECIAL STATUTE, PROVINCE OF ALBERTA)

balance sheet as at december 31st, 1968

(WITH 1967 FIGURES FOR COMPARISON)

assets	1968	1967
CASH AND CERTIFICATES OF DEPOSIT:		
Cash	\$ 639,811	\$ 369,570
Deposit receipts of chartered banks	2,457,985	2,472,296
Short-term notes	<u>1,617,411</u>	1,308,539
	<u>4,715,207</u>	4,150,405
INVESTMENTS (Note 1):		
Securities:		
Government bonds	6,540,877	5,797,755
Corporate bonds	3,673,353	2,787,394
Stocks	<u>2,826,449</u>	1,586,351
	<u>13,040,679</u>	10,171,500
Mortgages and secured loans	<u>18,345,429</u>	13,598,422
Rental properties	<u>121,753</u>	—
	<u>31,507,861</u>	23,769,922
Total cash, certificates of deposit and investments	<u>36,223,068</u>	27,920,327
ACCOUNTS RECEIVABLE:		
Brokers	42,869	114,984
Others	<u>163,998</u>	348,891
PREPAID EXPENSES	<u>18,125</u>	44,089
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS—		
at cost less accumulated depreciation	<u>177,108</u>	163,092
DEFERRED EXPENSES—at cost less amounts written off (Note 2)	<u>85,224</u>	146,635
TOTAL ASSETS	<u>\$36,710,392</u>	<u>\$28,738,018</u>

assets under administration

ESTATES, TRUSTS AND AGENCIES:		
Securities, cash and other assets—at nominal or clients' value	69,585,784	57,899,069
COMPANY'S TOTAL ASSETS	<u>36,710,392</u>	<u>28,738,018</u>
TOTAL ASSETS UNDER ADMINISTRATION	<u>\$106,296,176</u>	<u>\$86,637,087</u>

liabilities and shareholders' equity

	1968	1967
GUARANTEED ACCOUNT:		
Savings deposits	\$ 8,639,016	\$ 7,205,788
Investment certificates	24,716,545	<u>19,424,948</u>
	<u>33,355,561</u>	<u>26,630,736</u>
ACCOUNTS PAYABLE:		
Brokers	262,689	193,635
Other	170,530	53,872
Income Taxes	44,700	—
	<u>477,919</u>	<u>247,507</u>
DEFERRED CREDITS:		
Fees and rental income	218,256	70,115
Income taxes (Note 3)	109,993	<u>26,330</u>
	<u>328,249</u>	<u>96,445</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 4):		
Authorized—2,500,000 shares of a par value of \$2 each.		
Issued and fully paid—595,802 shares (87,475 shares issued for cash in 1968)	1,191,604	1,016,654
Surplus and reserve	1,357,059	<u>746,676</u>
	<u>2,548,663</u>	<u>1,763,330</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$36,710,392</u>	<u>\$28,738,018</u>

Approved by:

Samuel Bergberg President

T. A. Crow Manager

The accompanying notes are an integral part of the financial statements.

notes to the financial statements

DECEMBER 31, 1968

1. INVESTMENTS

The investments in securities are recorded at amortized cost plus accrued income. The market values are:

	1968	1967
Government bonds . . .	<u>\$ 5,254,325</u>	\$5,005,048
Corporate bonds . . .	<u>3,114,827</u>	2,498,391
Stocks	<u>3,062,021</u>	1,418,542
	<u>\$11,431,173</u>	<u>\$8,921,981</u>

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon. Rental properties are recorded at cost less accumulated depreciation.

2. DEFERRED EXPENSES

Includes costs incurred prior to December 31, 1967 of opening branch offices, advertising and promotion expense pertaining to the acquisition of new business, together with incorporation and registration fees which are being amortized over a five-year period commencing with the year the expenses were incurred.

To reflect the foregoing policy, in the statement of income the 1967 charge for amortization of deferred expenses includes \$61,889 applicable to prior years.

3. DEFERRED INCOME TAXES

In 1968 the Company adopted the tax allocation basis of computing income taxes. The deferred portion of the current year's provision for income taxes shown in the statement of income is the amount by which the income taxes otherwise payable in respect of the year have been reduced by claiming certain expenses for tax purposes in excess of amounts recorded in the accounts.

The resulting tax reduction is included in the balance sheet item, Deferred Income Taxes, which will be brought into income in those future years in which certain expenses claimed for income tax purposes are less than those recorded in the accounts.

The tax reductions applicable to 1967 and prior years have been reflected by a charge to earned surplus.

4. EMPLOYEE STOCK OPTIONS

To date 150,000 shares have been made available under an employees' and directors' stock option plan at prices ranging from \$3.15 to \$3.50 a share. At December 31, 1968 options on 14,930 shares have been fully exercised and accordingly are included in the 87,475 shares issued during the year. Options on an additional 110,800 shares have been granted and exercised and remain unissued pending payment in full at the prices stated.

5. STATUTORY REGULATIONS

The Trust Companies Act, 1967, enacted May 1, 1967 disqualifies certain types of transactions which were previously allowable. At December 31, 1968, the Company continues to hold investments of this type which are being progressively reduced.

city savings & trust company
statement of surplus and reserve

FOR THE YEAR ENDED DECEMBER 31, 1968 (WITH 1967 FIGURES FOR COMPARISON)

	1968	1967
EARNED SURPLUS:		
Balance at beginning of the year	\$ 82,494	\$298,328
Net income for the year	<u>506,312</u>	<u>151,151</u>
	588,806	449,479
Deduct:		
Dividends	43,785	40,655
Deferred income taxes (Note 3)	—	26,330
Appropriation to reserve	—	300,000
	43,785	366,985
Balance at end of the year	545,021	82,494
CONTRIBUTED SURPLUS:		
Balance at beginning of the year	164,182	353,648
Premium on issue of shares—less commissions	<u>147,856</u>	<u>10,534</u>
	312,038	364,182
Less appropriation to reserve	—	200,000
Balance at end of the year	312,038	164,182
GENERAL RESERVE:		
Balance at beginning of the year	500,000	—
Appropriations	—	500,000
Balance at end of the year	500,000	500,000
TOTAL SURPLUS AND RESERVE	\$1,357,059	\$746,676

The accompanying notes are an integral part of the financial statements.

city savings & trust company

statement of source and use of funds

FOR THE YEAR ENDED DECEMBER 31, 1968 (WITH 1967 FIGURES FOR COMPARISON)

	1968	1967
SOURCE OF FUNDS:		
Net income for the year	\$ 506,312	\$ 151,151
Add: Depreciation, amortization and deferred taxes	185,599	81,305
 Funds from operations	 691,911	 232,456
Customer deposits—net	6,724,825	6,687,986
Sale of shares for cash	322,806	24,078
Sale of head office premises—net	—	439,215
Other	661,525	(232,624)
 	 8,401,067	 7,151,111
USE OF FUNDS:		
Invested in securities—net	2,869,179	3,128,735
Invested in mortgages and secured loans—net	4,747,007	1,806,009
Additions to premises & equipment—net	176,294	31,289
Payment of dividends	43,785	40,655
 	 7,836,265	 5,006,688
INCREASE IN FUNDS FOR THE YEAR	564,802	2,144,423
CASH AND CERTIFICATES OF DEPOSIT, BEGINNING OF THE YEAR	4,150,405	2,005,982
 CASH AND CERTIFICATES OF DEPOSIT, END OF THE YEAR	 \$4,715,207	 \$4,150,405

The accompanying notes are an integral part of the financial statements.

progress '68

The President's Report together with the Financial Statement gives details of success achieved during 1968. Amongst the notable aspects of 1968 was the Company surpassing \$100 million in total assets under administration which is regarded as a milestone in the Company's growth.

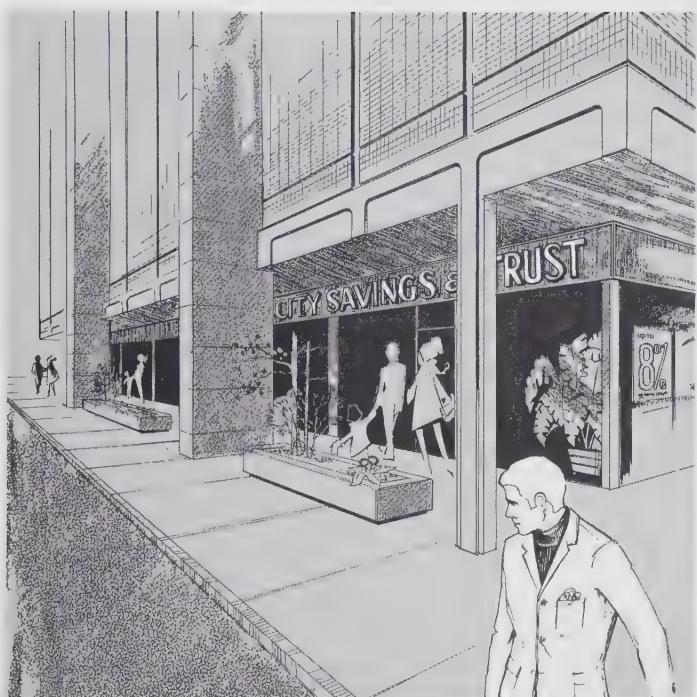
A Vancouver Branch was opened during December of 1968 in ultramodern facilities at the strategic corner of Hornby and Robson Streets. Indications to date are that the new Vancouver Branch will meet with above expected acceptance by the Vancouver market.

In November of 1968, the Regina Branch was relocated to a more central location in the heart of the downtown shopping area. The new modern facilities have apparently been well received by not only our former customers but new friends that we have met.

In the Autumn of 1967, the King Edward Hotel Branch in the City of Edmonton was opened and this has fulfilled and surpassed all expectations. New accounts continue to be opened and deposits are steadily increasing.

The final phase of our computer approach to processing the Guaranteed Investment Certificates was completed and the inherent cost savings have begun to accrue. Management is currently engaged in considering further computer applications in other areas. Special emphasis was devoted during 1968 to the areas of estate planning, real estate sales and property management operations. Several aggressive people joined our employment during the year and have competently commenced the long-range development of these departments. The Company is convinced that these operations will significantly enhance earnings in years to come.

A further offering of the common shares of City Trust was made to the public and was readily received by the existing shareholders and depositors. Since this additional allotment to the public was made, the market value of the shares has risen appreciably.



An artist's impression of our new Vancouver office at the corner of Hornby and Robson Streets.

city trust services

chequing accounts

Judging by depositors response, the Chequing Account facilities are one of the more outstanding services when related to comparative products within our industry. There are absolutely no service charges on Chequing Accounts and no minimum balance is required. Aside from saving expenses on service charges our customers receive in addition 4½% interest payable semi-annually on the minimum balance for the interest period. This is of course in comparison with other institutions whereby the customer may be faced with service charges and at the same time not receive interest on monies deposited.

savings accounts

Savings Accounts are designed for the person who wishes to accumulate funds without the temptation of chequing privileges. Money can be withdrawn at any time either by personal withdrawal or by mail. Savings Accounts bear interest at the rate of 5½% on the minimum monthly balance.

guaranteed investment certificates

Guaranteed Investment Certificates can be purchased for any amount in excess of \$100.00. Interest accrues daily and can be paid either quarterly, semi-annually, annually or left to maturity depending upon the wishes of the customer. The interest rates are based on both the amount of deposit and the number of years to maturity. While the certificates are to be held for the full term selected, in the event of death of the registered holder the principal and accrued interest are paid on demand to the estate of the certificate holder upon application by the executor.

short term deposits

Short Term Investment Deposits are available for amounts over \$2,500.00 for periods between 1 and 364 days duration or on a demand basis. Short Term deposits are ideally suited for instances where long range investment is precluded.

all deposits

ALL INVESTMENT PRODUCTS ARE LEGAL INVESTMENTS FOR TRUSTEES IN THE PROVINCES OF ALBERTA, MANITOBA, SASKATCHEWAN AND BRITISH COLUMBIA. CITY SAVINGS & TRUST COMPANY IS A MEMBER OF THE CANADA DEPOSIT INSURANCE CORPORATION.



An artist's impression of our new Regina location in the heart of the downtown shopping area at 1861 Hamilton Street.

city trust services

mortgages

The Mortgage Department assists in the development and growth of Western Canada by providing a broad coverage of mortgage financing. As an approved lender under the National Housing Act, mortgage loans are made available for various types of new residential construction. One such example of this type of mortgage loan is the condominium project, referred to on the back page. In addition to loans under the National Housing Act we also provide conventional first mortgages and construction loans on residential, commercial and industrial property in smaller centers and outlying areas as well as within metropolitan areas. Construction loans or interim financing makes possible numerous projects that would not otherwise be undertaken due to the lack of mortgage funds during the construction stages.

Recent changes in legislation now permit your Company to enter into joint ventures with other financial institutions in providing joint mortgage financing on larger projects. This enables your Company to provide a greater service to developers.

In addition to providing mortgage loans your Company provides mortgage brokering service and servicing existing mortgages on behalf of clients.

real estate

The Real Estate Division has been expanded during 1968 to offer complete service from all branches. Special services include land assembly, appraisal for real estate purposes and location of property to meet clients' specific requirements.

property management

Currently City Trust's Property Management Division manages property valued in excess of \$60 million. Specializing in renting, leasing and servicing of industrial, commercial and residential properties, the Division is organized to give complete management and accounting services.

transfer agent & registrar

City Trust offers a Transfer Agent and Registrar service for public companies. This service involves receipt of certificates, maintenance of share registers, mailing daily reports and preparation and mailing of notices of meetings and proxy forms.

Experienced personnel assure prompt service and full compliance with legal and accounting requirements. Related services include dividend disbursing agent, depositor, scrutineer at shareholders' meetings, pool trustee and escrow agent.



The photograph on the left was taken in the Regina Midtown Centre, that City Trust manages, during a recent highly successful British Week.

(photo courtesy of Saskatchewan Government)

city trust services

estate planning

A Will is one of the most important documents an individual ever executes, for without a Will your estate will be distributed according to law regardless of your personal wishes.

Estate Planning is a specialist function and our Estate Planning Department is equipped to handle this important item. There are many aspects of taxation law that are not familiar to many but a specialist in this field, and for this reason, and many others, expert and experienced advice should be sought on this matter.

City Trust Estate Planning Officers are available for consultation at all times.

executor of wills and trustee under wills

As an Executor, City Trust is responsible for ensuring that estates are settled swiftly, efficiently and economically. These duties include determination of assets and liabilities of an estate, preparation of a complete inventory, valuation of assets, calculation and settling death taxes and income taxes, transmission of assets, paying of debts and legacies.

Once this administration is complete the role changes from Executor to Trustee to manage trusts created by the Will.

As Trustee the Company administers the trust, making investments, collecting rents, dividends and interest, payments to beneficiaries, preparing income tax returns, property tax returns and submitting periodic reports and statements, and finally allocating capital as directed in the will.

Estate administration is a complex business and one which should be left to people with experience and efficiency. City Trust have such people.

registered retirement savings plans

The Income Tax Act has made provision whereby an individual can contribute a pre-determined portion of his income as savings for retirement into a savings plan. No tax is payable on the contributions thereto which vary according to annual income.

City Trust is able to provide Retirement Savings Plans and invests these contributions at maximum interest to ensure the best return. City Trust Registered Retirement Savings Plans are particularly attractive to people in higher earning brackets.

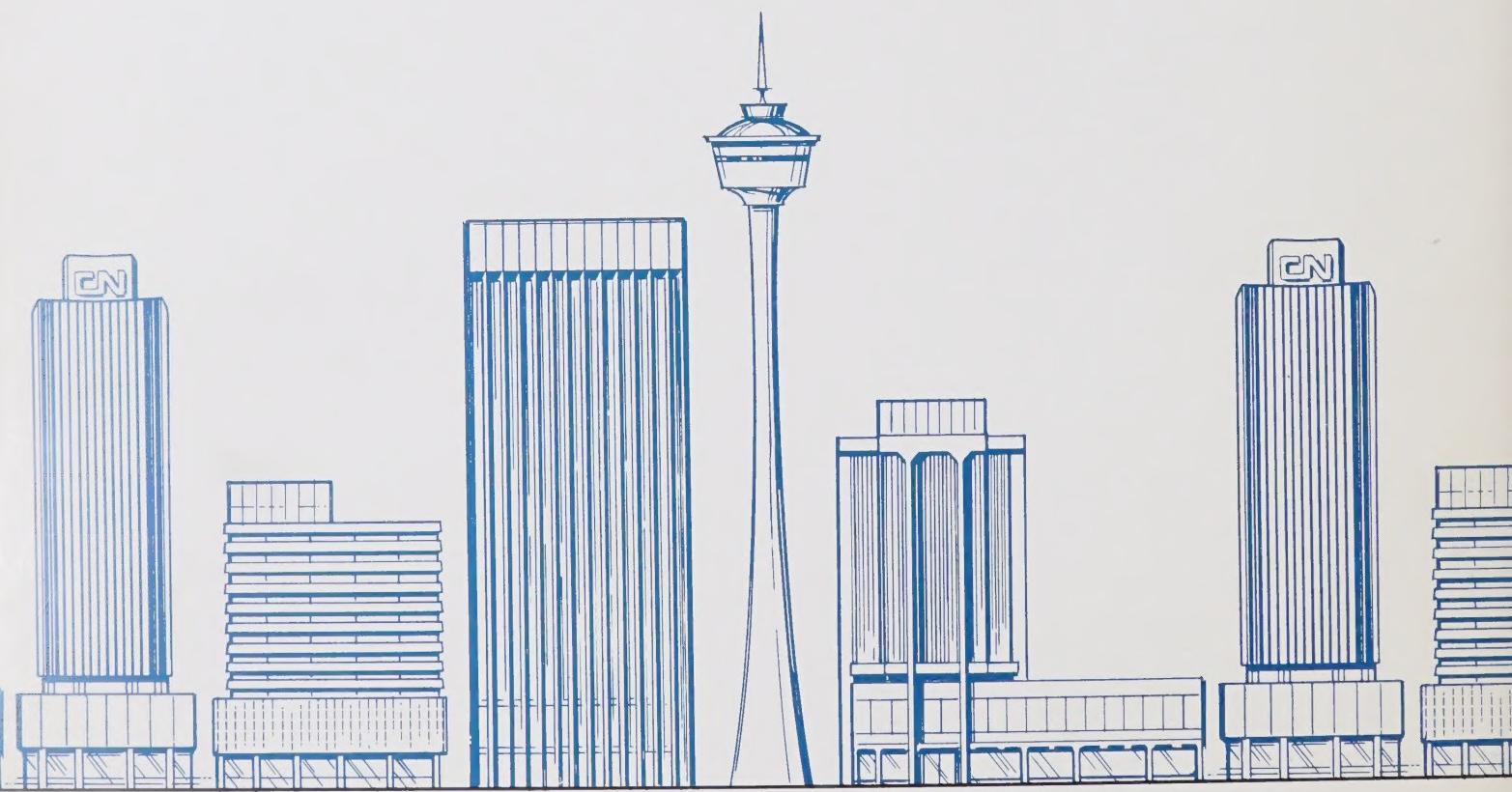


village on the green

City Trust is involved in mortgage financing of Village on the Green. This condominium is the largest of its type in Canada and comprises 155 individual 3 and 4 bedroom units; each of which will be subject to an N.H.A. mortgage.

City Trust shares the concern of others over the housing problems facing Canada at present and considers the condominium concept a big step forward in providing home ownership for a larger number of Canadians.

CITY
TRUST



City Savings & Trust Company

HEAD OFFICE:
MCLEOD BUILDING
EDMONTON, ALBERTA

BRANCHES:
CALGARY
EDMONTON
REGINA
VICTORIA
WINNIPEG

PLEASE REPLY TO
Head Office

January 15, 1970

Mr. J. Rolfe
Toronto Globe & Mail
140 King Street, West
TORONTO, ONTARIO

Dear Mr. Rolfe:

Pursuant to your telephone conversation, I am pleased to enclose three copies of our 1968 annual report. As soon as our figures are available for 1969, we shall advise you of the details and subsequently mail to you copies of our 1969 annual report.

Yours very truly,

per: H. Swan

TAC/hs
Enclosures

T.A. Cross
ASSISTANT GENERAL MANAGER

